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## Review of SGS, Inc. Payments per Amended Contract Compared to Original Contract

From August 2003 through October 2007, EPISD paid a total of \$4,346,500 to Strategic Governmental Solutions, Inc. (SGS) of which \$2,300,000 was for software development and \$2,046,500 was for reimbursements for MAC (for administrative costs) and for SHARS (for direct student costs).

EPISD received the following reimbursements for MAC:

Year ending 8-31-03	-0-
Year ending 8-31-04	-0-
Year ending 8-31-05	1,580,986
Year ending 8-31-06	153,775
Year ending 8-31-07	-0-
Year ending 8-31-08	-0-
<b>Total Received</b>	<b>\$1,734,761</b>

Less: Amount paid back to Texas Department of Health and Human Services (TDHHS) in February and March 2008 for MAC reimbursements overpayments

\$1,341,986

Net reimbursements after repayment to TDHHS

\$392,775

EPISD would have paid SGS the following:

\$392,775.12 x 7% for MAC

\$27,494

In the same time period, EPISD received the following reimbursement payments for SHARS:

Year ending 8-31-03	38,739
Year ending 8-31-04	1,894,531
Year ending 8-31-05	1,869,295
Year ending 8-31-06	3,185,555
Year ending 8-31-07	1,497,630
Year ending 8-31-08	<u>109,963</u>
<b>Total Received</b>	<b>\$8,595,713</b>

At EPISD's percentage rate per the original contract of 7 1/2 % for SHARS reimbursements, EPISD would have paid SGS the following:

\$8,595,713 @ 7 1/2 % to SHARS

\$644,678

Total earned under original contract for MAC and SHARS	672,172
Less: Amount paid to SGS, Inc., for MAC and SHARS	<u>2,046,500</u>
Overpayment to SGS, Inc., on SHARS and MAC reimbursements	\$1,374,327
The entire amount of the software "STARS" system to EPISD	<u>2,300,000</u>
Total overpayment to SGS, Inc.	<u>\$3,674,327</u>

